

Plan for Services
Dissolution - County Service Area No. 60
Apple Valley Airport District

February 20, 2004

Addendum to Plan for Services “Government Code Requirements” section:

With consideration of any reorganization (in this case, a dissolution request), the Local Agency Formation Commission (LAFCo) is required to address a number of issues mandated by the California Government Code. While many of these issues were addressed within the initial Plan for Services submitted by the Town of Apple Valley with its dissolution application, the San Bernardino Local Agency Formation Commission’s “Policy, Procedure and Standard for Review” requirements for Plan for Services specifies that additional information must be provided to address the following:

1. “A discussion of the sufficiency of revenues for anticipated service extensions and operations is also required.”
2. “An indication of whether the affected territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.”
3. “If retail water service is to be provided through this change of organization, provide a description of the availability of water for projected needs within the area based upon the factors identified in Government Code Section 65352.5.”
4. Copies of the feasibility study for the formation of the District. The feasibility study must outline the anticipated structure of the governing body and provide a projected three-year budget for revenues and expenditures. The budget presented will need to indicate the source and amount of revenues and expenditures based upon services to be provided. Please note that the new district may receive a “share” of the property tax revenues generated within the boundaries but that share depends on the types of services to be offered by the District, the previous sources of those services if any, and the historic cost to provide the services to be absorbed. No new taxes can be imposed by the creation of the District unless two-thirds of the voters approve the proposal.

Each question noted shall be addressed in turn below:

1. The Plan for Services “Tax Increment” section identifies that County Service Area No. 60 receives roughly \$1.3 million annually in tax increment and revenue from the provision of services on airport property (hanger/tie-down rentals, lease agreements, sale of fuel, etc.). The Town anticipates that any Local Agency Formation Commission

action to approve the dissolution of County Service Area No. 60 shall be predicated upon a Town-approved restriction mandating that, as discussed in the “Tax Increment” section of the Town’s submitted Plan for Services, an appropriated portion of the Town’s revised tax increment will be restricted to airport operations. Further, and in a similar manner, it would also be anticipated that a similar restriction would be placed by the Apple Valley Town Council upon the use of Airport generated revenues such as hanger/tie-down rentals, lease agreements, sale of fuel, etc.

These tax increment and revenue sources, as shown within the Plan for Services, exceed the funds needed to maintain the airport at its current level and are sufficient to allow for extensive upgrades, enhancements and modifications to the facility per the Airport’s adopted Master Plan and Capital Improvement Plan.

Under the anticipated restrictions noted above, it can be anticipated that the existing level of services being provided to the aviation community, visitors to the airport and the Town of Apple Valley shall, at a minimum, remain at their present level and, under the enhancements detailed within the Plan, shall improve upon presently provided services.

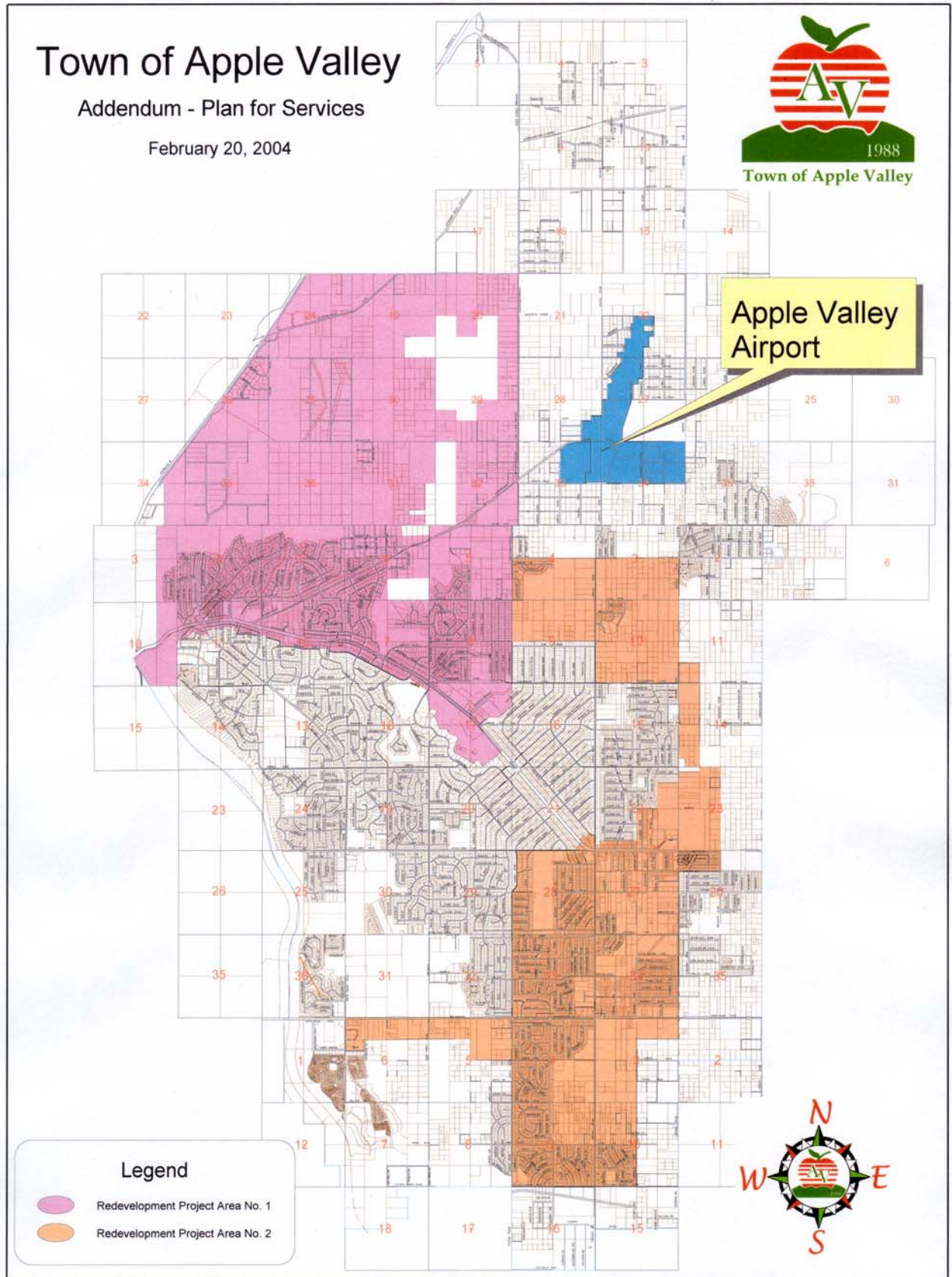
Additional information can be found in the “Feasibility Study” provided below.

2. An indication of whether the affected territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.

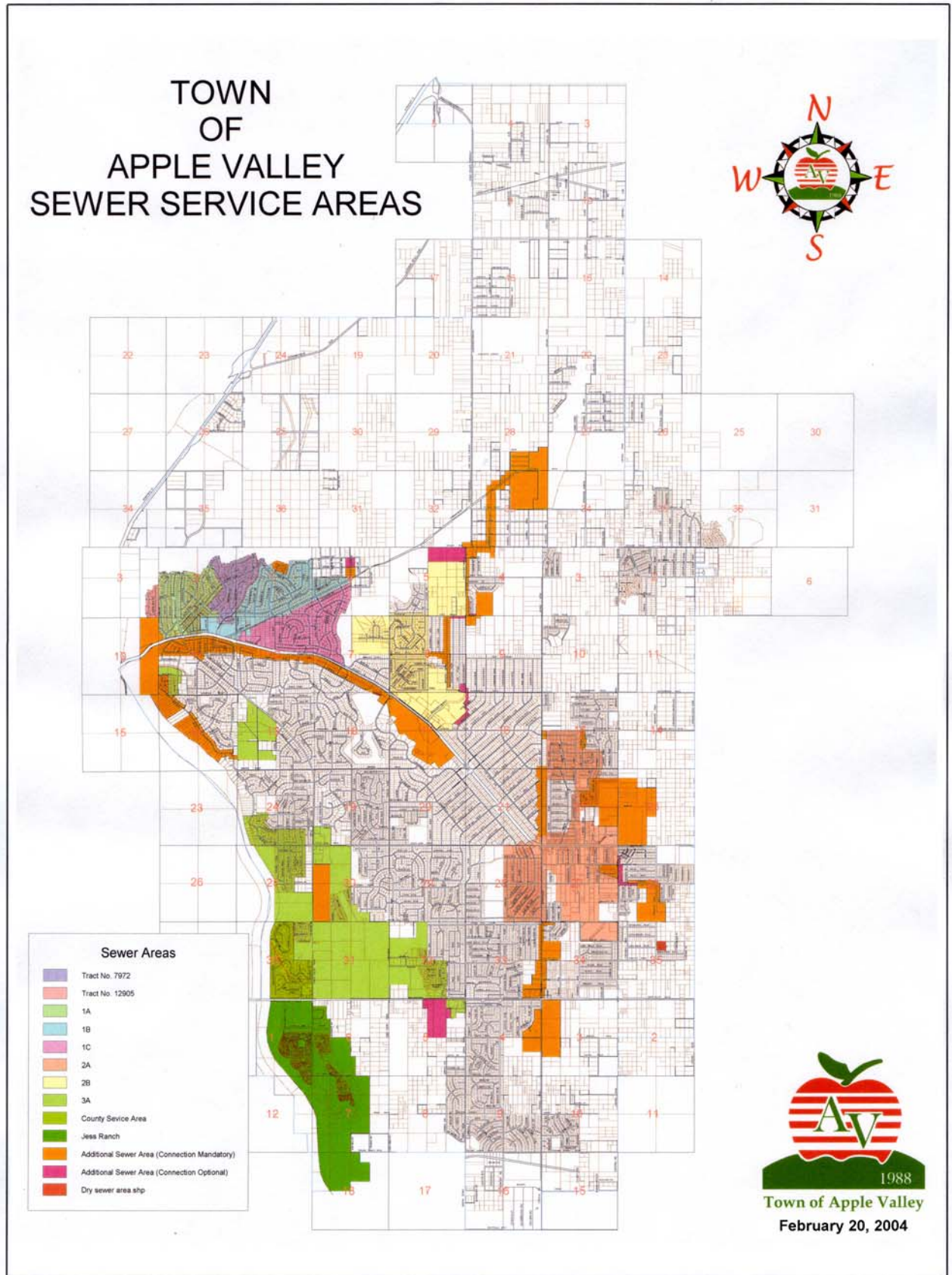
The Apple Valley Airport is not presently located within any existing economic improvement zone, redevelopment area, landscape, street, sewer or other assessment district or community assessment district (with the exception of CSA No. 60 itself – which is proposed for dissolution). Presently, the Victor Valley Economic Development Authority (VVEDA) has received Federal approval establishing the Southern California Logistics Airport (SCLA) as a Foreign Trade Zone. With the dissolution of CSA No. 60, the Town of Apple Valley shall seek to establish the Apple Valley Airport and its surrounding environs as a Sub-zone to SCLA’s Foreign Trade Zone. This sub-zone designation will enhance the airports opportunities to attract aviation enthusiasts and small commercial aviation related companies.

It is also noted that although the Airport itself is responsible for the maintenance and upkeep of the roadways, landscaping and other infrastructure within the Airport grounds, landscape maintenance, sewer installation and other infrastructure support districts may be created to assist and attract development around the Airport, thus indirectly enhancing the Airport without directly attributing to additional fiscal burdens.

Please see the attached figures illustrating the redevelopment area, assessment/sewer service area, etc.



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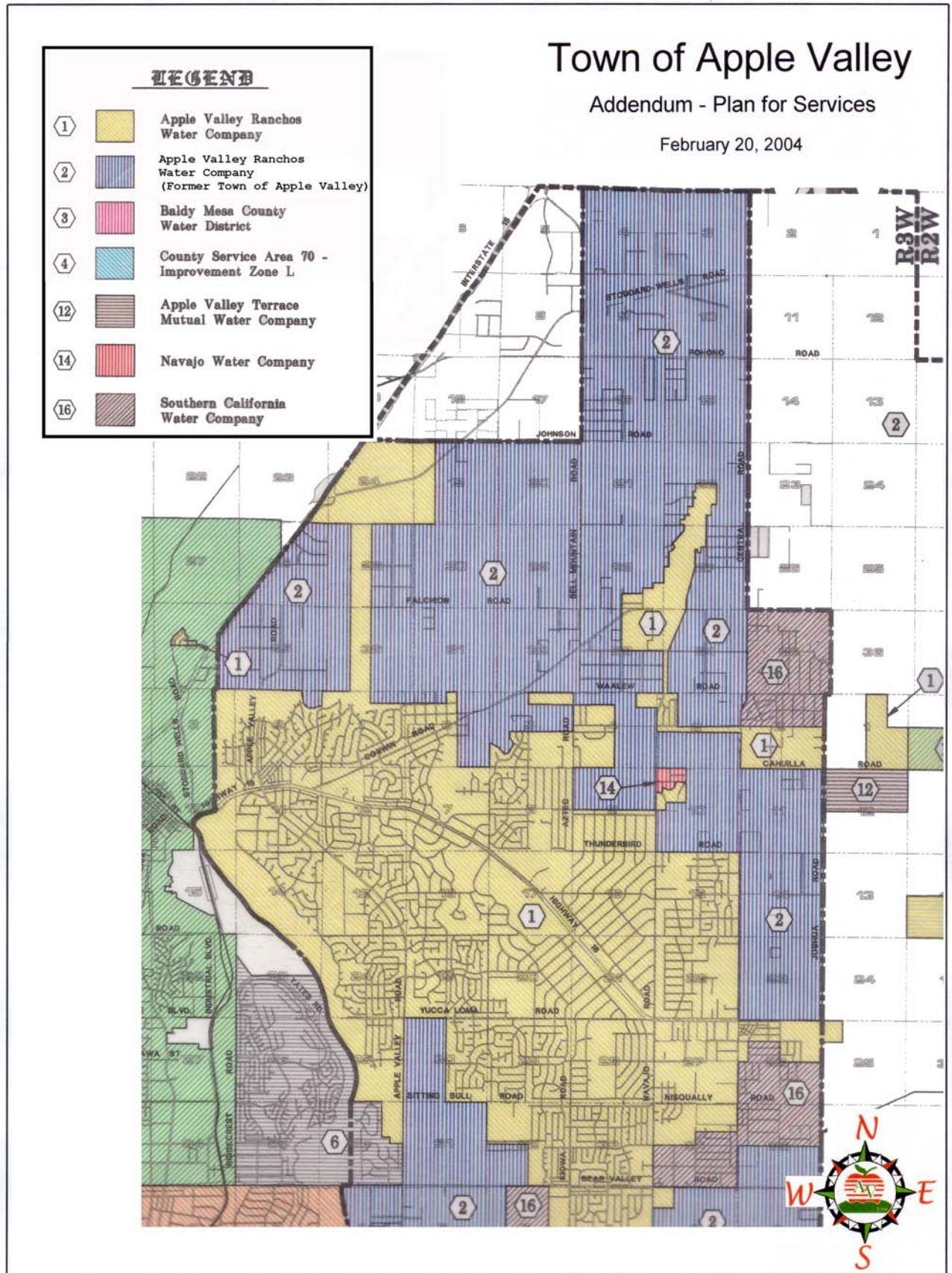
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3. “If retail water service is to be provided through this change of organization, provide a description of the availability of water for projected needs within the area based upon the factors identified in Government Code Section 65352.5.”

Water service to the Apple Valley Airport is presently provided by the Apple Valley Ranchos Water Company, a privately held water company. This private utility also provides water service to the area surrounding the Airport. Sufficient water supplies are available to meet the anticipated needs of the Airport and surrounding off-site development. Infrastructure to deliver available water shall be installed, as needed, in connection with future development. No changes to water supplies, availability, quality or infrastructure are anticipated or shall occur to water service as a result of the dissolution of County Service Area No. 60.

Please see the attached figures illustrating the water companies that supply water to the Apple Valley Airport and other areas surrounding the Airport.

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4. Feasibility Study.

Department Operating Statement
Budget Projection for Fiscal Years Ending June 30, 2003, 2004, 2005, 2006 & 2007

ASSUMPTIONS:

Assumptions include the successful negotiation with the County of San Bernardino to transfer property tax revenues so the County of San Bernardino and the Town of Apple Valley are not negatively impacted by the proposed dissolution and that the County Service Area No. 60 will be dissolved through the Local Agency Formation Commission (LAFCo) dissolution process.

REVENUES:

Following is a three (3) year revenue/expense projection through fiscal year 2006/07 for the Apple Valley Airport. The County of San Bernardino Department of Airports provided the revenue/expense budget information for the fiscal years 2002/03 and 2003/04 (see attachment). Town staff has projected revenues/expenses based on revenues currently received by the County Service Area No. 60 (CSA No. 60) and Apple Valley Airport. The projections include modest increases and reclassification of revenues to better track individual amounts.

EXPENDITURES:

The projected expenditures are based on information provided by the County of San Bernardino for the fiscal years 2002/03 and 2003/04 (see attachment).

As noted in the Plan for Services, it would be the Town's intent to offer equivalent or better salaries and benefits to existing county employees should they elect to stay with the Apple Valley Airport operations after the successful dissolution of CSA No. 60. The County of San Bernardino Airports Department identifies (on CSA No. 60 personnel records) five and one-half (5.5) Full Time Equivalent (FTE) positions that include a part-time manager, one (1) secretary and four (4) maintenance worker positions. In the projections, staff calculated one (1) full-time manager (the Airport Manager position will be a full-time position in the Town budget), one (1) secretary and four (4) maintenance worker positions for a total of six (6) FTE. The Airport Manager was calculated at \$80,000 per year, the maintenance workers were calculated at the Town of Apple Valley Public Works Supervisor level of \$56,000 per year per position and the secretary was calculated at the Executive Secretary level with \$43,500 per year as base salaries. All of the positions were budgeted at the highest range level for each of the Town's positions. The Town has itemized all benefits according to the affected position that includes Public Employee Retirement System (PERS) retirement benefits at 2.7% at 55 years of age, health insurance at \$575 per month per employee and Medicare contribution. In the projections, a three and one-half percent (3.5%) Consumer Price Index (CPI) was included for inflation.

The County of San Bernardino Airport Department lists services and supplies under one expense report. Town staff has attempted to more accurately estimate individual expenses as they relate to the airport operations. Although, the Town has obtained a list of equipment, it is difficult to determine the condition of the equipment based upon the provided information. For this reason, funds have been budgeted to replace and add equipment where necessary. Utilities are estimates from the past two years of use. The funds budgeted are an estimate and will be increased or decreased as appropriate.

Transfers, indicated in the attachment, represent payments to other funds (estimated at approximately ten percent) for providing additional levels of service to the airport to increase services for the users. Other transfers are funds set aside for the Capital Improvement Project Fund (CIPF). The Town included an annual transfer of \$575,000 for future Capital Improvement Projects (CIP). The total dollars available and the current projects schedules are included at the end of the budget report.

The Town also included funds for education and training (e.g., memberships, dues, meetings, specialized training and conferences), as appropriate, for the airport manager and staff.

FEASIBILITY STUDY CONCLUSION:

With the expenditures as presented, including the \$575,000 annually to the CIPF, the projected ending fund balance in the General Operating Budget continues to grow and will help offset any expenditures or construction costs exceeding the original budget. The final page of the budget provides a listing of proposed projects by the County of San Bernardino Airports Department along with the balance from the Capital Improvement Project Fund. Based on completing every project proposed, the fund would have a balance of \$4,138,152 at the end of 2006/07 should no additional projects be initiated. It is the intent of the Town to review the ongoing needs and demands of the general aviation community and the Town of Apple Valley to determine what, if any, additional aviation related projects should be completed with these funds.

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Code	Revenue Classification	Actual Revenue 2002-03*	Budgeted Revenue 2003-04*	Estimated Year End 2003-04	Budget Estimate 2004-05	Budget Estimate 2005-06	Budget Estimate 2006-07
	Beginning Fund Balance	\$0	\$89,548	\$89,548	\$17,828	\$133,155	\$256,135
	Property Taxes Taxes generated within CSA 60 (Rates vary between 0.89% and 1.05% depending on tax district)	\$1,110,876	\$1,114,991	\$1,115,000	\$1,137,300	\$1,160,000	\$1,183,200
	Use of money & property interest earnings on investments	\$197,073	\$189,320	\$190,000	\$190,000	\$190,000	\$190,000
	State Aid State aid of \$10,000 for General Aviation Facility (Property Transfer Tax included previously)	\$33,660	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
	Personal Property Tax Tax on Rented CSA 60 (City after Dissolution) facilities	\$0	\$0	\$14,280	\$14,560	\$14,850	\$15,100
	Charges for Services Rentals, Tie-Downs, Etc.	\$0	\$12,000	\$13,000	\$13,000	\$13,000	\$13,000
	Miscellaneous	\$6,763	\$0	\$6,000	\$6,000	\$6,000	\$6,000
	Total Financing Sources	\$1,348,372	\$1,415,859	\$1,437,828	\$1,388,688	\$1,527,005	\$1,673,435

Code	Expenditure Classification	Actual Revenue 2002-03*	Budgeted Revenue 2003-04*	Estimated Year End 2003-04	Budget Estimate 2004-05	Budget Estimate 2005-06	Budget Estimate 2006-07
	Personal Services						
701	Salaries & Benefits	\$429,502	\$499,654	\$500,000	\$347,500	\$359,700	\$372,300
703	Overtime	N/A	N/A	N/A	\$5,000	\$5,000	\$5,000
	Benefits						
711	PERS	Inc. Above	Inc. Above	Inc. Above	\$62,500	\$62,500	\$62,500
712	Health Insurance	Inc. Above	Inc. Above	Inc. Above	\$75,900	\$75,900	\$75,900
713	Medicare	Inc. Above	Inc. Above	Inc. Above	\$5,178	\$5,400	\$5,600
	Total Benefits	Inc. Above	Inc. Above	Inc. Above	\$143,578	\$143,800	\$144,000
	Total Personnel	\$429,502	\$499,654	\$500,000	\$491,078	\$503,500	\$516,300

Note: Salaries and benefits for an Airport Manager (1 FTE), Maintenance workers (4 FTE) and a Secretary (1 FTE) with 3.5% annual increase

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Code	Expenditure Classification	Actual Revenue 2002-03*	Budgeted Revenue 2003-04*	Estimated Year End 2003-04	Budget Estimate 2004-05	Budget Estimate 2005-06	Budget Estimate 2006-07
	Operations & Maintenance						
	Services & Supplies (Services & supplies related to operating the airport facility)	\$310,263	\$311,734	\$310,000	\$50,000	\$50,000	\$50,000
	Transfers (Represents payment to other funds, estimated at 10%, providing services to airport facility)	\$0	\$0	\$0	\$38,955	\$39,870	\$41,186
	Other Transfers (Transfers to Capital Improvement Fund)	\$653,229	\$569,471	\$575,000	\$575,000	\$575,000	\$575,000
	Equipment (Replacement and new equipment needed to continue excellent service to the users)	\$9,892	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
	Memberships & Dues (Membership in related airport associations)	\$0	\$0	\$0	\$500	\$500	\$500
760	Meetings & Conferences (Airport managers conferences & related staff workshops)	\$0	\$0	\$0	\$1,500	\$1,500	\$1,500
761	Mileage (Reimbursement of mileage expense for related travel)	\$0	\$0	\$0	\$500	\$500	\$500
762	Education & Training (Specialized training for personnel on airport services and other related training)	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000
763	Utilities	\$0	\$0	\$0	\$60,000	\$62,000	\$65,000
	Vehicle Maintenance (Department vehicle upkeep & maintenance as necessary)	\$0	\$0	\$0	\$1,500	\$1,500	\$2,500
802	Equipment & Radio Maintenance	\$0	\$0	\$0	\$500	\$500	\$500
	Total Operations & Maintenance	\$973,384	\$916,205	\$920,000	\$764,455	\$767,370	\$772,686

	TOTAL	Actual Revenue 2002-03*	Budgeted Revenue 2003-04*	Estimated Year End 2003-04	Budget Estimate 2004-05	Budget Estimate 2005-06	Budget Estimate 2006-07
	Department Total	\$1,402,886	\$1,415,859	\$1,420,000	\$1,255,533	\$1,270,870	\$1,288,986
	Ending Fund Balance	(\$54,514)	\$0	\$17,828	\$133,155	\$256,135	\$384,449

*Information provided by the County of San Bernardino

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Proposed Projects Fiscal Year (FY) 2003-04 & 2004-05*

Law Enforcement Facility	\$2,130,155
South Ramp & Taxiway Reconstruction	\$275,209
Hangers	\$300,000
Public Restrooms	\$48,120
Airport Layout Plan	\$4,439
Fire access, Security Fence & Run-Up Areas	\$16,142
Terminal Roof Repairs	\$55,000

Total	\$2,829,065
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Capital Improvement Fund (CIF)*

Beginning Balance 07/01/03	\$4,286,856
Transfer 03/04	\$569,471
Transfer 04/05	\$575,000
Transfer 05/06	\$575,000
Transfer 06/07	\$575,000
Grants	\$385,890

Total Available for Projects	\$6,967,217
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Estimated Ending Balance	\$4,138,152
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(FY 06/07 in Capital Improvement Fund if no other new projects completed)

*Information provided by the County of San Bernardino.

Apple Valley Airport
CSA 60 and Related Capital Improvement Funds
Budget and Actual History for FY 2000/01 through FY 2003/04

CSA 60 Apple Valley Airport

	2000-2001		2001-2002		2002-2003		2003-04 BUDGET
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	
FINANCING REQUIREMENTS							
Salaries and Benefits	385,187	292,097	392,385	351,118	455,982	429,502	499,654
Services and Supplies	317,704	232,652	305,611	247,707	323,118	310,263	311,734
Transfers to Capital Imp. Fund	574,563	574,563	725,384	725,384	653,229	653,229	569,471
Equipment			7,000		7,500	9,892	35,000
Total Financing Requirements	1,277,454	1,099,312	1,430,380	1,324,209	1,439,829	1,402,886	1,415,859
FINANCING SOURCES							
Taxes	1,042,606	994,266	1,055,875	1,067,655	1,081,181	1,110,876	1,114,991
Use of Money & Property	177,500	196,838	182,625	203,334	185,304	197,073	189,320
State Aid	10,000	32,846	10,000	33,792	10,000	33,660	10,000
Charges for Current Services	13,400	0	15,194	(5,558)	13,894	0	12,000
Other Revenue	4,150	6,262	5,988	8,350	5,388	6,763	0
Fund Balance	29,798		160,698		144,062		89,548
Total Financing Sources	1,277,454	1,230,212	1,430,380	1,307,573	1,439,829	1,348,372	1,415,859
Budgeted Staff (Direct)	4.5		4.5		5.5		5.5

Capital Improvement Funds

	2000-2001		2001-2002		2002-2003		2003-04 BUDGET
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	
FINANCING REQUIREMENTS							
Services and Supplies	0	0	154,000	0	60,000	115	66,552
Improvements to Land	2,895,059	336,561	1,177,546	4,414	1,592,086	93,189	892,795
Structures and Improvements	0	0	1,840,000	10,905	2,248,000	7,471	2,327,072
Reserves	783,404	0	1,503,549	0	1,672,955	0	2,705,505
Total Financing Requirements	3,678,463	336,561	4,675,095	15,319	5,573,041	100,775	5,991,924
FINANCING SOURCES							
Use of Money & Property	80,000	169,451	70,000	145,438	100,000	121,679	0
State/Federal Aid	0	0	448,358	0	532,956	0	461,464
Transfers From CSA 60	574,563	574,563	725,384	725,384	653,229	653,229	569,471
Fund Balance	3,023,900		3,431,353		4,286,856		4,960,989
Total Financing Sources	3,678,463	744,014	4,675,095	870,822	5,573,041	774,908	5,991,924

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APPLE VALLEY AIRPORT
CSA - 60
Capital Improvement Funds
Balances as of 12/31/03

CIP Contingency Fund Balance (RAI)
CIP Funding Requirements (see project list)
CIP Contingency Funds Remaining

CIP Expenditures Eligible for Reimbursement
Federal Grant Reimbursements
State Grant Reimbursements

\$4,386,997.76
(2,829,016.46)
\$1,557,981.30

\$365,580.00
20,310.00
\$385,890.00

\$1,943,871.30

Projected CIP Contingency Fund Balance

PROJECTS	Funds in Bank	Encumbered/ Obligated	Remaining In Bank	Funding Needed	RAI Requirement
RDL Water Line Extension to SW Corner	47.50	0.00	47.50	0.00	-47.50
REE South Ramp Hangar Development - Law Enforcement Facility	30,173.30	25,747.58	4,425.72	2,134,580.16	2,130,154.44
REF South Ramp & Taxiway Reconstruction	-4,439.00	0.00	-4,439.00	270,770.00	275,209.00
RET Construct Shadeports (Hangars)	0.00	0.00	0.00	300,000.00	300,000.00
RGZ Public Restroom Facility	83,790.33	11,910.00	71,880.33	120,000.00	48,119.67
RHK Fog Seal Runways and Taxiways	66,518.52	66,518.52	0.00	0.00	0.00
RHT Update Airport Layout Plan	29,420.37	33,860.00	-4,439.63	0.00	4,439.63
RHU Secondary Fire Access, Security Fence & Run-up Areas	390,058.78	0.00	390,058.78	406,200.00	16,141.22
None Terminal Roof Repair	0.00	0.00	0.00	55,000.00	55,000.00

Unfunded CIP Requirements: 2,829,016.46